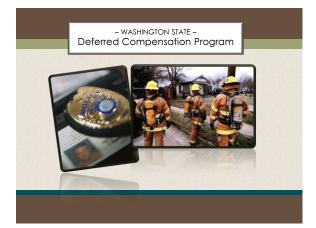
Deferred Compensation Program Presentation LEOFF Plan 2 Retirement Board July 28, 2010

Brian Berghoff, DCP Administrator Department of Retirement Systems





What is the Washington State Deferred Compensation Program?

- An IRS 457(b) supplemental retirement savings investment plan
 - Similar to a 401(k), Private Sector
 - Similar to a 403(b), Non-Profit
- Offered by Washington State
 - DRS administers DCP
 - WSIB selects and monitors investment options

What is	the '	Washington	State	Deferred
Compe	nsat	ion Program	?	

- Available to Public Employees of:
 - State Agencies
 - Higher Education Institutions
 - Political Sub Divisions if employer has signed resolution adopting DCP

What is the Washington State Deferred Compensation Program?

- Voluntary Program
- · Reduces current taxable income
- Account savings grow on a tax-deferred basis
- DCP fees are typically lower than other plans
- We do not offer loans some plans do
 - Hardship withdrawals are available

Deferred Compensation Program

- 1,317 retirement system employers
- 1,017 DCP participating employers
- Over 53,000 participants
- Over \$2.6 billion in assets
 - As of June 30, 2010

ELOTI FIGH 2	
374 LEOFF Plan 2 Employers – 16,887 employees • 144 Fire Protection Districts • 39 Counties • 177 Cities and Towns • 14 Other	
LEOFF Plan 2 – Active DCP Employers	
 227 LEOFF Plan 2 DCP Employers - 5,462 employees 85 Fire Protection Districts 22 Counties 110 Cities and Towns 10 Other 	
LEOFF Plan 2 – Fire Protection Districts	
 144 Fire Protection Districts - 3,563 total employees • FPDs in DCP - 85 - 2,075 employees - 907 participants - 44% • FPDs not participating in DCP - 59 - 1,488 employees 	

LEOFF Plan 2 - Counties	
39 Counties – 2,831 total employees	
• Counties in DCP – 22 – 662 employees	
– 662 employees – 76 participants – 11%	
• Non-DCP counties – 17	
– 2,169 employees	
	I
LEOFF Plan 2 – Cities and Towns	
477 600 / 7	
177 Cities/Towns – 10,052, total employees	
Cities/Towns in DCP – 110– 2,494 employees	
– 617 participants – 25%	
• Non-DCP Counties – 67	
– 7,558 employees	
LEOFF Plan 2 – Miscellaneous	
LLOTT FIGH 2 - Miscella leous	
14 Miscellaneous – 441, total employees	
• In DCP – 10	
- 231 employees	
– 103 participants – 45%	
• Non-DCP — 4	
– 210 employees	

LEOFF Plan 2 and DCP – Statistics

Total LEOFF 2 employers - 374

- 61% have joined DCP: 227
- 39% do not participate in DCP: 147

Total LEOFF 2 employees - 16,887

- 32% DCP participants 5,462
- 68% Not in DCP 11,425

Maximum Deferral - 2010

- Regular annual deferral

 Monthly deferral
 \$16,500
 \$1,375

 50+ annual catch-up

 Monthly deferral
 \$22,000
 \$1,833

 3-year catch-up provision
 \$33,000
 - From normal retirement

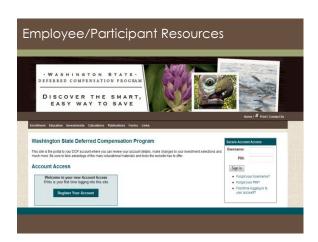
It's Smart!

Employees

- Defer Federal Income Tax
- Tax-deferred growth
- · Dollar cost averaging
- Low Administrative Fee .14%
 - -No sales commissions
 - -No transaction fees

It's Smart! Employees No Penalties for Early Withdrawals No 10% penalty if younger than 59 ½ Washington State Investment Board Selects investment options Monitors fund managers

It's Easy! Employees • Simple enrollment process • Automatic payroll deduction • You decide how much – Minimum contribution \$30 per month – Maximum contribution \$16,500 per year • Change your deferral amount any time





13 SITION:	P
Employee benefit package	
 Take advantage of this program 	
 Positive effect on recruitment and retention 	
• Administration	
– No direct costs	
 Reporting method used for LEOFF can be used for DCP 	
• Employer match	

It's Easy! Employers Washington State Investment Board Selects investment options Monitors fund managers Can contact DRS for support when necessary Training, Education and to Increase Awareness Reporting questions Supplies such as Publications

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DRS Making it	easy to see your future	ELIREMENT STATEMS	Search (BUNCH
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Education and Outreach

Our goal - "Increase awareness and knowledge in support of better retirement planning."

- The E&O team travels across the state to:
 - Increase awareness of retirement benefits
 - To promote retirement education for employers and their employees

Education and Outreach

- On-site presentations
 - DCP
 - Retirement
- On-site one-on-one appointments
 - -Employees
 - -Employers
- New Employee Orientation
- Benefit fairs

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- Host retirement seminars around the state specially designed for members who are within five years of retirement. These informational seminars cover:
 - -Social Security
 - -VEBA
 - -PEBB Health Insurance
 - -Retirement system benefits
 - -DCP

Education and Outreach

Employer

- Learn how the Education and Outreach team can help employers and their employees
 - Schedule a presentation
 - new employee orientation
 - one-on-one appointments

Contact the Education and Outreach team at:

360-664-7000 ext 47115 or 800-547-6657 ext 47115

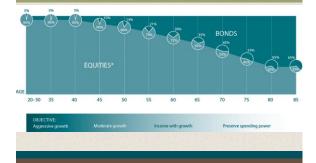
Investment Options

- Two different approaches to investing
 - One-Step Investing
 - Build and Monitor
- Ten fund options to choose from
 - 9 fund choices
 - 12 Retirement Strategy Funds

Investment Options

- One Step Investing Retirement Strategy Funds
 - Diversification
 - Automatic rebalancing
 - Adjusts your asset mix as you move toward your target date

Investment Options – Retirement Strategy



Investment Options – Build and Monitor

- Build and Monitor
 - A full spectrum of investment choices for people who want to take a more hands-on approach with their portfolio

Investment Options – Build and Monitor

- The Savings Pool
- Washington State Bond Fund
- Washington State Social Balanced Fund
- Active US Value Stock Fund
- U.S. Stock Market Index Fund
- Active US Core Stock Fund
- Fidelity Growth Company Fund
- U.S. Small Stock Index Fund
- International Stock Fund



Distribution Options

- Separate from Service or Retirement
 - Lump sum
 - Installments
 - Partial lump sum & installments
 - Annuity purchase
 - Rollovers
 - Death balance to beneficiaries
 - No IRS early withdrawal penalties

DISCOVER THE SMART, DISCOVER THE SMART, DISCOVER THE SMART, EASY WAY TO SAVE Washington State Deferred Compensation Program This site is the points you COP account when you can review you account distain, make thought by your investment devictions and minimum more. So are to tips a depart of the many soluctions in indicate and to to the western has to dist. Welcome the your new Account Access If thus it your feet from logging site this site. Register Your Account Register Your Account



